Economics 481
Health Economics

Fall 2016

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Course Prerequisites

Econ 301 and one of the following: Econ 400/409, or Econ 446/309, or Stat 400. Students will need a firm understanding of microeconomic theory and regression analysis in order to follow the lecture materials in this class.

Students with Disabilities

Any student with a documented disability needing academic adjustments or accommodations is requested to speak with me during the first two weeks of class. All discussions will remain as confidential as possible. Students with disabilities should also contact Disabled Support Services in the Allen Center.

Course Objectives

Health economics applies the tools of economics to issues of the organization, delivery, and financing of health care. The objectives of this course are to: (1) develop an understanding of the relevance of economic concepts to the health care sector, (2) to describe the system of health care financing and delivery arrangements in the health care sector, and (3) to impart an understanding of the role of economic factors in the development of public policy concerning health and health care.

Course Materials

1. Textbook: *Health Economics*, 1st edition. By Jay Bhattacharya, Timothy Hyde and Peter Tu, 2014.
2. Understanding Obamacare, Politico's Guide to the Affordable Care Act http://www.politico.com/obamacare-guide
3. David Blumenthal, M.D., M.P.P., Melinda Abrams, M.S., and Rachel Nuzum, M.P.H. The Affordable Care Act at 5 years, *N Engl J Med* 2015; 372:2451-2458. http://www.nejm.org/doi/full/10.1056/NEJMhpr1503614#t=article

4. Powerpoint lecture notes, downloadable from Canvas.
5. Case Studies: to be purchased online by the student.

In order to avoid the costs of purchasing a course packet, I will be placing copies of all Powerpoint lecture note slides on Canvas for you to download and print at your convenience. Powerpoint slides for each lecture will be available at least 24 hours before the lecture.

Some advice on printing:
You may wish to print out multiple slides per page and pure black and white, versus color slides.

Class Format and Requirements

Format: Read the assignment before class, and come prepared to discuss either your questions about the reading or your applications of the ideas introduced here. We will occasionally discuss practice problems related to the reading in class.

Grading*:*

Homework	10%	
Midterm	25%	TUESDAY September 27, in class.
Paper	15%	
Class presentation	10%	
Class participation	10%	
Final exam	30%	during finals week, date/time scheduled by registrar's office.

Numerical scores will be translated into letter grades as follows:
A+ (100-97%), A (96-93%), A- (93-90%), B+ (90-87%), and so on.

Homework: There will be 3 homework assignments which are due in the first half of the semester. Students are permitted to work together on the homework assignments, but each student must formulate responses to each question with their own wording. In cases where homework is to be submitted online, it is the student's responsibility to verify that the completed homework is uploaded successfully.

Paper: 25% of your grade will be based on a team project. Each team will select a health care company, and describe how the competitive strategy of that firm has been affected by changing market forces and government intervention in recent years. You may use material from class, journal articles, magazine and newspaper articles, and the internet to support your argument. Teams will consist of 3-4 students, and each team is expected to submit one paper with a maximum of 12 pages of text, double spaced and typed.

Class Presentation: Each team will present their analysis to the class at the end of the semester. Presentations will be 20 minutes in length.

Class Participation: You are expected to come to every class. You may miss three classes without your attendance score being affected. S*cheduled job interviews and other organized activities (other than sports competitions excused through Rice athletics) are NOT an excuse for missing class or exams.*

***Make-ups*:** There will be no make-ups for missed coursework, assignments, and examinations unless you receive the permission of the instructor prior to the date of the assignment or exam.

***Extra credit*:** There will be no extra credit assignments.

***Exams**:* The midterm and final exams will be in class, closed book.

COURSE SCHEDULE

Topic	Readings
1. Why Health Economics?	Bhattacharya, Chapter 1
2. Demand for health: the Grossman model	Bhattacharya, Chapter 3
3. Demand for health care	Bhattacharya, Chapter 2
4. Socioeconomic disparities in health	Bhattacharya, Chapter 4
5. The labor market for physicians	Bhattacharya, Chapter 5
6. The hospital industry	Bhattacharya, Chapter 6
7. Harvard Business School Case Study 1	Boston Children's Hospital: Measuring Patient Costs
8. Demand for Insurance/Adverse Selection: Akerlof's	Bhattacharya, Chapters 7, 8
9. Adverse Selection/Moral Hazard	Bhattacharya, Chapters 10, 11
12. Market Structure in the healthcare industry	
13. Pharmaceuticals and the economics of innovation	Bhattacharya, Chapter 12
15. Harvard Business School Case Study 2	Pitney Bowes: Employer Health Strategy
16. Technology and the price of health care	Bhattacharya, Chapter 13
17. Health technology assessment	Bhattacharya, Chapter 14
19. Medicare	Bhattacharya, Chapter 18
20. Medicaid	Bhattacharya, Chapter 18
21. Beveridge model/ Bismarck model	Bhattacharya, Chapter 16, 17
22. The economics of health externalities	Bhattacharya, Chapter 20
23. Obesity	Bhattacharya, Chapter 22
27. The Affordable Care Act	Course readings 2 and 3